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FROM USOECD PARIS

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SUBJECT: Partnership for Democratic Governance - Readout on
Inaugural Steering Group Meeting

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¶1.   Summary. The PDG Steering Group convened for the first time on
February 13-14 in Paris. Secretary General Gurria chaired the
meeting, which was attended by the nine Steering Group countries,
plus the UNDP. Assistant Secretary for Economic, Energy, and
Business Affairs Daniel S. Sullivan represented the United States.
Gurria announced that all Steering Group Members and the OECD have
signed the PDG Memorandum of Understanding. He welcomed the hiring
of Polish diplomat Jerzy Pomianowski as head of the PDG Advisory
Unit. The Steering Group agreed it would operate with one chair and
three vice chairs, and take decisions by consensus. It deferred
decisions on operating models, rules, and regulations to its next
meeting, scheduled for early May. End Summary.

¶2.   OECD convened the first PDG Steering Group meeting on February
13 and 14. The gathering drew high-level attendance, including
Secretary General Gurria, Polish Deputy Foreign Minister Ryzsard

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Schnepf, Ambassador Egan, EEB Assistant Secretary Dan Sullivan,
Chilean MFA Planning Director Ambassador Angel Flisfisch, and UNDP
Administrator Kemal Dervis. All nine Steering Group countries, plus
the UNDP were represented. The Steering Group member countries are:
Australia, Canada, Chile, Denmark, Korea, Mexico, Poland, Turkey and

the United States. PDG founding members Brazil, Japan, the
Organization of American States and the Inter-American Development
Bank participated. The UK and World Bank attended as observers.

Progress Report -- The State of Play

¶3. Prior to addressing the meeting's core agenda items --
governance structure and operating procedures -- the Secretary
General gave a progress report. He announced the crossing of two
PDG milestones: completion of the PDG Memorandum of Understanding
(MOU) signing process; and the hiring of a head for the PDG Advisory
Unit (AU). Turkey signed the MOU on February 8; Deputy Secretary
General Mario Amano signed for the OECD (the final signatory)
shortly thereafter. Gurria introduced Poland's former Ambassador to
Japan Jerzy Pomianowski, current Head of Development Cooperation at
Poland's Ministry of Foreign Affairs, as the new AU head.
Pomianowski will assume his functions in Paris on April 1. During
the first year of PDG, Pomianowski hopes to convene two conferences
to promote the PDG, one on capacity-building in Africa and one on
public-private service delivery.

¶4. Note. Bonnie Schaefer, Administrative Officer, is the only
member of the planned eight-person AU; Pomianowski will be the
second. Pomianowski underscored the need to finish recruitment for
the AU. He anticipates it will take three to four months for the AU
to become fully operational. End Note.

Update on Funding

¶5. The Secretariat noted member countries have so far pledged about
EUR 5.3 million of the AU's EUR 7.4 million three-year budget. In
addition to the EUR 2.1 million shortfall, there exists a sizeable
(numbers not available) deficit between the EUR 5.3 million pledged
and sums actually provided. Deputy Head of the OECD's Development
Coordination Directorate Stephen Groff said that barring receipt of

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additional monies already pledged the OECD would not be able to
staff fully the AU this summer. Both Groff and Pomianowski asked
members to encourage other countries to join (and hence contribute
to) the PDG. They also called for increased support from current
members. Such support could be in-kind (such as assigning personnel
or allowing use of member-country embassy services) or financial.
Turkey announced it will assign one diplomat, at the First Secretary
level, from the MFA in Ankara to the PDG AU in Paris, for a two-year
period beginning in summer 2008.

PDG Steering Group - Governance Structure

¶6. Delegates approved a Steering Group structure consisting of one
chair and three vice chairs. The chair and one vice chair, occupied
by OECD and UNDP respectively, are permanent. The remaining two
vice chairs are designated for member countries on a rotational
basis. The group elected Chile to serve as vice chair for a
two-year period. Canada and Australia agreed to share the second
vice chair position, with Canada taking the first year and Australia
the second. Delegates agreed the Steering Group would take
decisions based on consensus, in line with standard OECD practice.

¶7. This governance structure differs from that called for in the
June 2007 Council document that established the PDG, which envisaged
only two co-chairs, one being the OECD and the second to be decided
upon at the first Steering Group meeting. Insofar as the Council
empowered the Steering Group to decide upon its own governing
structure, however, the new arrangement is not problematic. The
structure both reflects common agreement on the importance of UNDP
and accommodates concerns (in particular those of Chile) that member
countries play a prominent leadership role.

¶8. Delegates discussed at length OECD proposals to establish a
"Consultative Group" and a "Reference Expert Group" to advise the AU
and Steering Group. Pomianowski envisaged a Consultative Group

composed of focal-point personnel from member-country aid agencies
to provide advice, support, and feedback to the AU and Steering
Group. Terry Jones, Director of the UNDP's Bureau for Development
Policy, called for a Reference Expert Group to be composed of a
small number of intellectuals who could look at big-picture issues
and "guide, certify, and validate" the AU's approach. U.S.
Assistant Secretary Sullivan, backed by Mexico, Chile and Canada,
suggested delegates determine the activities of, and rules
governing, the AU before considering the creation of additional
bodies. He cautioned against PDG's becoming too bureaucratic.
Delegates agreed to defer discussion on these groups to the next
meeting.

PDG -- Rules and Operating Models

¶9. Numerous delegates praised the innovative nature of the PDG
initiative and underscored the need for flexibility in operations,
but concomitantly stressed the need for clear rules governing PDG
activities. Such rules and/or guidelines would set, for example,
the parameters within which the AU can take decisions independent of

the Steering Group. They would also outline general criteria for
use in determination of PDG-appropriate projects, and criteria for
expanded membership.

¶10. Canada asked the OECD to prepare documentation outlining
structure, operational models and approaches, and procedural issues
for determination at the May Steering Group meeting. The Canadian
delegate undertook to ask Ottawa to fund a consultant to help in the
preparation of these materials, insofar as the AU will not yet be
fully operational by that time. Canada suggested, and delegates
agreed, that a working group (membership undefined) should convene
immediately prior to the May Steering Group meeting to review this
documentation.

Expanding PDG: from Observer to Member Status

¶11. Delegates identified the need to expand PDG membership, and
agreed that the Steering Group could invite (by consensus)
observers. All agreed that observer status be considered a pathway
towards membership. For reference, the PDG has three levels of
membership. Steering Group members are those that both express
support for the Partnership's objectives and contribute at least
50,000 EUROS/year either in cash or in kind. Founding members are
those countries that express support for the PDG objectives, but do
not support PDG financially. Observers are those countries that
neither contribute financially nor formally express support for PDG
objectives.

The Road Ahead

¶12. UNDP Administrator Kemal Dervis promised that after the meeting
the UNDP would task its country offices to identify demand, in
similar fashion to the USG tasking of embassies this past autumn.
He anticipated UNDP would then develop a list of 10-15 countries for
possible PDG projects. The Steering Group agreed to meet on an
annual basis, and to circulate information between meetings using
the OECD's OLIS system. However, to maintain momentum, at the
suggestion of U.S. Assistant Secretary Sullivan, the group set the
next Steering Group meeting for May, on the margins of the May 4-5,
2008, OECD Executive Council in Special Session (ECSS). Secretary
General Gurria noted that between now and Pomianowski's start on
April 1, member countries could channel all PDG input to OECD's
Steve Groff.

Comment

¶13. The first meeting of the PDG Steering Group proved successful
insofar as it increased momentum for the initiative, yielded quick
agreement on a governance structure, garnered senior-level
participation, and reaffirmed OECD and member country commitment.

Key elements of the initiative, however, are still not in place,
notably: rules and procedures for PDG operations, especially
vis-`-vis the AU, and the creation and composition of "experts" and
"consultative" groups. Staffing and financing also remain
problematic. The AU currently has only one employee; its new head

starts April 1; its five additional staff members have yet to be
hired. Deficits exist between funds pledged and budget
requirements, as well as between amounts pledged and actually
disbursed. PDG members will need to maintain sustained, persistent
engagement with OECD to ensure success.

Egan